Productivity Today

Operations Support Command (OSC) Standup

The U. S. Army Materiel Command approved the provisional stand-up of the Operations Support Command (OSC). The Industrial Operations Command (IOC) and its subordinate, the Army War Reserve Support Command, now assume new names and responsibilities. Both organizations reside on Rock Island Arsenal. The IOC becomes the Operations Support Command (OSC) and the Army War Reserve Support Command becomes the Army Field Support Command (FSC). The 31st of March was the provisional stand-up date for the OSC and FSC; the permanent stand-up date is 1 October 2000.

The core competencies for the OSC change from those of the IOC. The new core competencies are: AMC's single face to the field, force projection and sustainment, and munitions and industrial operations. FSC will now manage the Logistics Civilian Augmentation Program (LOGCAP). The FSC builds on its current mission by gaining the Army's Logistics Support Elements that provide field sustainment support during times of crisis.

The FSC now has a formal presence at sites in Southwest Asia and Northeast Asia, as well as sites within the continental United States. This provides Army field commanders with a single point of entry for all AMC activities. As a result, the Army Materiel Command Forward-Europe, Army Materiel Command Forward-Far East and Army Materiel Command-CONUS began reporting to the FSC on 31 March. A portion of the Logistics Support Activity in Huntsville, Ala., also became part of the FSC.

The Resource Management Center headed by Walter T. Simmons and the Productivity Team remains part of the HQ OSC.

Dan Carlson, HQ OSC, Public Affairs, carlsond@osc.army.mil, DSN 793-6475 and
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Value Engineering Workshop – 2000

We are scheduling the Annual HQ Operations Support Command (OSC) Value Engineering Workshop on 8-9 August 2000 at HQ OSC, Rock Island, IL. This year's workshop will feature Value Engineering training and discussion on Value Engineering techniques/issues. Guest speakers will present value enhancing alternative approaches/techniques that could promote additional cost savings and other value improvements. Please direct any suggested topics or questions to, Ms. Kim Poling, AMSOS-RMP, DSN 793-5505, email polingk@osc.army.mil or Mr. Rick Paul, AMSOS-RMP, DSN 793-2996, email paulr@osc.army.mil or any member of the HQ OSC Value Engineering Team. Final agenda will appear in the 3d qtr issue of Productivity Today.

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Army-Wide Workshop on Competitive Sourcing (A-76) in Atlanta (PMP)

'You can set your mind to do anything. That means achieving any dream you may have. It's only a matter of your will.'

Boris Arratia, Erik Bakken, and Richard Heider of the HQ OSC CA Office attended a three-day Army-wide conference on A-76 in Atlanta, 28-30 March. Over 250 people attended to hear 17 presentations by 25 presenters on various aspects of A-76 as well as related programs such as Energy Savings Performance Contracting (ESPC) and the Residential Communities Initiative (RCI) for housing privatization.

Dr. Kenneth Oscar, Deputy Assistant Secretary of the Army, delivered the opening remarks. He reviewed current DoD procurement thinking on competitive sourcing. His bottom line was, "No one should lose his/her Government job for the sake of contracting out. All deserve the right to compete for their jobs." He focused his talk on the principles of competition, fairness, and incentives.

Mr. James Wakefield, Competitive Sourcing Office, Office of the Assistant Chief of Staff for Installation Management (OACSIM), spoke on "Competitive Sourcing". He reviewed how the Quadrennial Defense Review (QDR) got us back to performing A-76 studies around 1997 and followed the "spaces to be studied" number trail through today. He noted that while we started with an Army-wide goal of 73K spaces, the fact is that actual savings are exceeding the original 20 percent savings estimate by about 10 percent and that will most likely get us there. He pointed out two hot issues where Army and DoD disagree: (1) The building of a firewall between Performance Work Statement (PWS) and the Most Efficient Organization (MEO) support contract efforts and (2) The new guidance on best value contracting and the use of Technical Performance Plans (TPPs) to level the playing field. This guidance would require re-competition among all vendors if while comparing the TPP with the best value vendor proposal we find that we need to modify the PWS.

Additionally, Major General Robert Van Antwerp, Assistant Chief of Staff for Installation Management, spoke on "Competitive Sourcing, Utilities Privatization, and ESPC." He advised "us to SIS" or in other words "Steal Ideas Shamelessly and SIW, Share Ideas Willingly." He said he likes AMC's strategic sourcing plan, but cautioned that when you engage in non-A-76 efforts such as Business Process Reinvention (BPR), you lose the potential for big space savings that come from contractor wins and should factor that into savings that we need from such non-A-76 efforts. His three key concerns for the A-76 program are: (1) Studies are taking a long time -- need to push for the 2 to 4 year time frame; (2) We must make every effort to keep the process clean and fair; and (3) We need much better partnerships with industry and must increase the flow of information -- industry perceives the Government as close hold when it comes to A-76.

The CA team posted their notes and the available presentations from the entire conference on our web page at **http://www.osc.army.mil/rm/rmp/CommAct.htm.**

Dick Heider, heiderr@osc.army.mil, DSN 793-4057
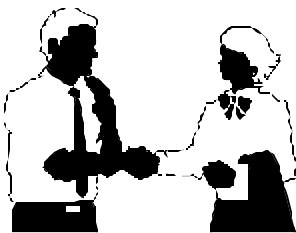
You don't concentrate on risks. You concentrate on results. No risk is too great to prevent the necessary job from getting done. – Chuck Yeager

SAVE International 40th Annual Conference

SAVE International is holding its 40th Annual Conference, 25-28 of June in Reno, Nevada. This year's theme is "Energizing the Value Methodology." James A. Rains, President of SAVE International states "This theme arose from the idea that improved Value Methodology results are more likely when participants are having fun and are in a friendly atmosphere. At this conference, we are attempting to create an '***edutainment***'" environment, where you can learn value lessons from the world's leading value practitioners, and at the same time enjoy your conference experience."

Our office plans to attend the conference. If you would like to join us and need additional information, contact SAVE International at (847) 480-1730 or visit their web site at www.value-eng.com.

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Army Ideas For Excellence Program (AIEP)
- Good Ideas Month -

April is "Good Ideas Month" at the Rock Island Arsenal.

Good Ideas Month is an annual event designed to promote the AIEP. Formerly known as the Suggestion Program, AIEP gives employees at all levels a chance to share their ideas for improvements.

AIEP proposals can produce tangible benefits (i.e. monetary savings), intangible savings (i.e. quality of life improvements), or both. Generally, cash awards are equal to 10 percent of the verified tangible benefits produced by the proposal; when savings exceed $10,000, the program uses a diminishing, sliding scale to figure the total award.

Anyone and everyone are welcome to submit an AIEP proposal, including civilian and military employees, retirees, contractors, and family members. However, only active civilian and military employees are eligible to receive cash awards. Team and group proposals are also welcome.

Gloria J. McKinney, mckinneyg@osc.army.mil, DSN 793-6989

McAlester Army Ammunition Plant (MCAAP)Training

On 29 Feb – 1 Mar 2000, Deidre Eaton and Scot Johnson conducted Principles of Value Engineering (PVE) training at MCAAP. The training consisted of an overview of Value Engineering Function Analysis System Technique (FAST), Value Engineering Proposal submissions, and the review of two live studies. Leonard Lang, MCAAP's VE Program Manager, submitted one of the studies to HQ OSC this quarter. The VEP generated savings of $1.9M.

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Update on Rock Island Arsenal's A-76 Studyupport

Rock Island Arsenal is following the requirement of OMB Circular A-76 in continuing their competitive sourcing study. Shortly after finishing writing the performance work statement (PWS), the HQ OSC Acquisition Center will prepare the PWS and related documents for solicitation for bids.

The Arsenal started their A-76 study by studying the total installation. On 15 November 1999, GEN Coburn directed them to downscope to BASOPS only. For RIA this meant reducing the study scope to include information management and logistics. The Arsenal also studied the Directorate of Public Works, but did not include it in the PWS because of the relatively few contractible spaces.

Very important to the development of the PWS was the input from the OSC ad hoc members. The ad hoc members diligently reviewed four draft copies of the PWS and provided comments to improve the document. The ad hoc team consisted of people from many organizations in OSC and included re-source management, information management, security, safety, environmental, human resources, ammu-nition, logistics, acquisition, equal opportunity, legal, internal audit, inspector general, public affairs, and small business.

To their credit, the RIA commercial activities (CA) team managed to keep the process on schedule. Al-though the study follows a predetermined number of steps, the CA program reference materials do not contain answers to all the questions that arise out of each step in the process. The questions require answers, and gathering the information can sometimes seem to take an exorbitant amount of time. It is not unusual to request AMC to send a question up the chain of command in order to answer a question or solve a dispute.

Having completed the PWS, RIA must complete the management study in time for the audit at the U.S. Army Audit Agency (AAA). The management study includes RIA's proposed organization that will compete against the contractor's winning bid. The management study is procurement sensitive. If re-leased, a contractor could learn enough information about the Government's most efficient organiza-tion (MEO) to underbid RIA.

After AAA approves the proposed most efficient organization, RIA must prepare for the cost compari-son and initial decision. After the initial decision, appeals and protests, the A-76 process will conclude with transition to the winner, either the contractor or RIA's MEO.

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Talent is cheaper than table salt. What separates the talented individual from the successful one is a lot of hard work. – Stephan King

Management Control Process

To refresh your memory, the five standards for the Management Control Process that define the minimum level of quality acceptable in Government are:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communications
- Monitoring

Now more detailed explanations for each standard:

- Control Environment:

Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude towards management controls and conscientious management.

Factors that affect the control environment:

- Integrity and ethical values.
- Management's commitment to competence.
- Management's philosophy and operating style.
- Agency's organizational structure
- Manner in how agency delegates authority and responsibility throughout the organization.
- Good human capital policies and practices.
- Agency's relationship with Congress and oversight agencies.

- Risk Assessment:

Management controls should provide for an assessment of the risks the agency faces from both external and internal sources.

- Control Activities:

Management control activities help ensure that we carry out management's directives. The

> **What is government itself but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary.**
>
> - James Madison

Productivity Measurement Program (PMP)
- Military Personnel –

Felicia Sevedge and Chester Lind, AMSOS-RMP, successfully added HQ OSC military personnel to the Automated Time, Attendance and Production System (ATAAPS) database. Prior to this, we did not capture productivity data for the military in ATAAPS. We can now formally track the time our military personnel spend on direct mission work. We are currently pursuing the addition of the military personnel at the Rock Island, IL site assigned to the U.S. Army Field Support Command.

Chester Lind, email lindc, DSN 793-4649

VE Training at the MAC

On 23-24 February 2000, Tim Karcher and Elias Pizano conducted a VE workshop for the Munitions and Armament Center (MAC) staff, where students learned principles of Value Engineering, Function Analysis System Technique, and Contractual Aspects of Value Engineering. Students enthusiastically participated doing class exercises and case studies applying the VE methodology they learned. In addition, during the workshop the students discussed the following topics:

♦ Savings reporting process

♦ VE awards criteria

♦ Opportunities on working together to enhance the OSC mission

During the workshop, a student submitted a VE study on the ammunition containers used for the 25mm. This VE study is in progress.

This VE workshop is one of five sessions tailored and held for the MAC staff since the beginning of the new calendar year. These VE workshops came as a result of the VE Office staff briefing the MAC's management on identifying ways to work together to better meet the IOC's mission and goals.

If you would like to train your organization in Value Engineering, call the Productivity Team. We'll be happy to tailor training to meet your needs.

Elias Pizano, pizanoe@osc.army.mil, DSN 793-7773,

Attention...Army Working Capital Fund (AWCF) Installations
## - VE can Help to Lower Your Rate -

As a conscience effort to optimize their workforce without compromise of their Security Operations, Blue Grass Army Depot (BGAD) lowered their FY2001 rates by approximately ten cent per Direct Labor Hour (DLH). They did this through the use of in-depth research and Value Analysis. BGAD determined they could gain efficiencies by absorbing duties performed by a Provost Marshall position.
The result – a reduction in their Military Pay Account assigned to the Army Working Capital Fund (AWCF) of $57,000.00. Most beneficial, of course, is a lower rate passed onto their paying customers.

Congratulation Blue Grass for taking a small risk, which we hope, will pay bigger dividends in the end by an increase to your customer base.

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> **Rather than viewing a brief relapse back to inactivity as a failure, treat it as a challenge and try to get back on track as soon as possible.**
> **– Jimmy Connors**
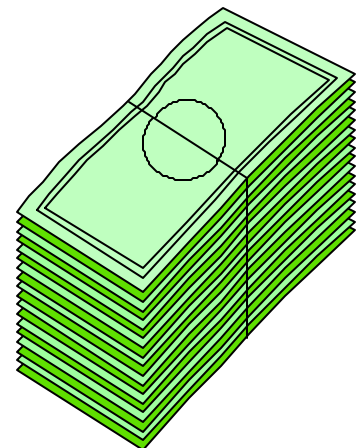
Application of VE in the Commercial Activity Process

The purpose of the Commercial Activities (CA) program is to compare the estimated cost of performing commercial activities with Government personnel to the cost or performing them with contractor personnel. The program's design is to use competition to encourage change, improve quality and reduce cost of commercial support services.

Army Regulation 520 defines a commercial activity "as a product or service that is or could be obtained from a private sector source." Examples include: transportation, grounds maintenance, installation services, resources management, and information management. The CA process (also referred to as A-76 based on OMB Circular A-76) is complex and consists of many steps to ensure a fair competition between the Government activity under study and industry. Figure 1 summarizes the major steps of the CA process.
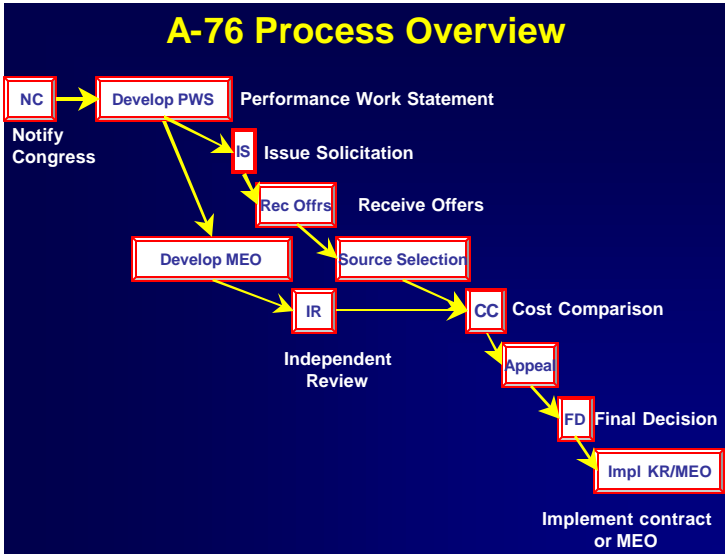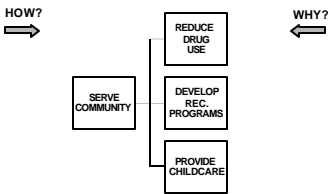

Two key steps in the A-76 process are the Performace Work Statement (PWS) and the Most Efficient Organization (MEO). The PWS describes what the activity under study needs done without specifying the "how". The verb-noun technique used to develop Function Analysis System Technique models can be a powerful tool to create performance based PWSs. Figure 2 illustrates this concept.

The MEO is the Government's best effort to develop an organization that can most efficiently accomplish the PWS. VE techniques can also help achieve an MEO both prior and during an A-76 study by focusing efforts on poor value areas and developing cost effective alternatives.

Given the many A-76 studies on-going on Government activities, VE can be a valuable tool to enhance the A-76 process.

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control activities should be effective and efficient in accomplishing the agencies control objectives.

Examples of Control Activities are:

- Top level reviews of actual performance.
- Reviews by Management at the functional or activity level.
- Management of human capital.
- Controls over information processing.
- Physical control over vulnerable assets.
- Establishment and review of performance measures and indicators.
- Segregation of duties.
- Proper execution of transactions and events.
- Accurate and timely recording of transactions and events.
- Access restrictions to and accountability for resources and records.
- Appropriate documentation of transactions and management controls.

Control Activities specific for information systems:

- General Control applies to all information systems. Includes entity-wide security program planning, management, control over data center operations, system software acquisition and maintenance, access security, and application system development and maintenance.
- Application Control covers the processing of data within the application software and helps to ensure completeness, accuracy, authorization, and validity of all transactions during the application processing.
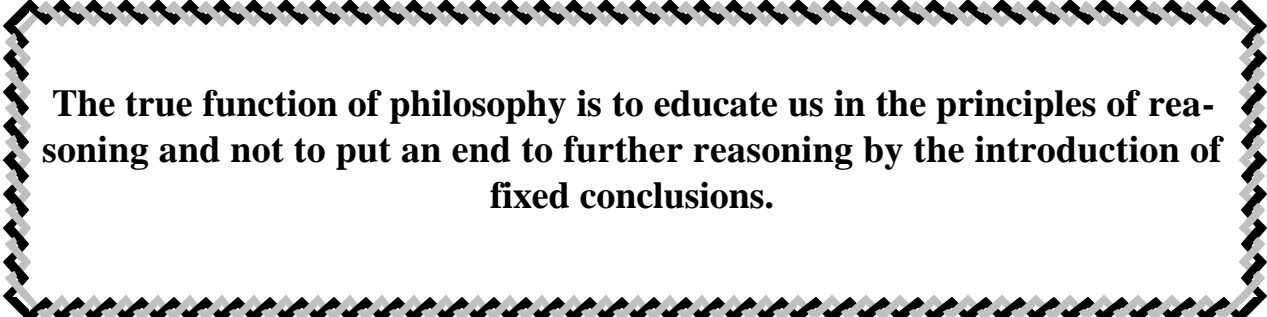
- Information and Communications

We should record and communicate information to management and others in the agency that need it. We need to communicate the information in a form and in a timely manner that enables management to carry out their management controls and other responsibilities.

- Monitoring

Management controls monitoring should assess the quality of performance over time and ensure that we promptly resolve the findings of audits and other reviews.

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The true function of philosophy is to educate us in the principles of reasoning and not to put an end to further reasoning by the introduction of fixed conclusions.

Productivity Team Now on the Web

The new Productivity Team headed by Mr. Greg Zelnio is now on the web. Three former Resource Management groups have combined to form the new Productivity Team and these three groups are: Commercial Activity, Special Programs and Value Engineering. Check the web site address listed at the end of this article for the latest information regarding the Productivity Team.

The web pages include the latest activities, briefings, news, and published papers. The activities and briefings include synopsis by team members of the latest seminars or workshops that they have attended. The news portion includes both the monthly VE Report and the quarterly Productivity Today newsletter which is one of the OSC's noteworthy newsletters. The published papers section includes Society of American Value Engineers (SAVE) papers written by team members. Please note that team members will be attending the upcoming SAVE conference being held in Reno, NV this year. Further information of the conference is described in detail in an associated Productivity Today article.

The monthly VE Report, found in the News section, contains the fiscal year cumulative VE savings for each OSC reporting installation. Each month the VE office totals the respective installations savings. The team members compare every month the installations cumulative versus their annual savings goal. Besides the monthly VE Report, this office also prepares a special Commanding General quarterly VE Report. For example, the upcoming quarterly VE report lists the top performing installations that are close toward achieving their annual savings goal and these installations are: TEAD, BGAD, and MCAAP. The report also lists the VEP and VECP proposals and the status of these proposals for each installation.

Other web pages of interest include the following programs:

Army Ideas of Excellence (April is 'Good Ideas Month')
Commercial Activity
Labor & Production Reporting
Management Controls
Value Engineering

The Productivity Team web site is http:\\www.osc.army.mil\rm\rmp\index.htm

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Helpful Web Addresses:

Government Sites:
White House: www.whitehouse.gov
Congress: www.thomas.ioc.gov
US Postal Service: www.usps.gov
Per Diem: www.dtic.mil/perdiem
Army Home Page: www.army.mil
OCS: www.osc.army.mil

To:

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